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INFO RUCNAFG/AFGHANISTAN COLLECTIVE IMMEDIATE

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RUCNIRA/IRAN COLLECTIVE IMMEDIATE

RUCNRAQ/IRAQ COLLECTIVE IMMEDIATE

RUCNISL/ISLAMIC COLLECTIVE IMMEDIATE

RUCNSTF/TERRORISM FINANCE PRE NOTIFICATION COLLECTIVE IMMEDIATE

RUEHMEP/MIDDLE EAST PARTNERSHIP INITIATIVE COLLECTIVE IMMEDIATE

RUEHGG/UN SECURITY COUNCIL COLLECTIVE IMMEDIATE

RUEHGB/AMEMBASSY BAGHDAD PRIORITY 0025

RUEHBJ/AMEMBASSY BEIJING PRIORITY 4647

RUEHLM/AMEMBASSY COLOMBO PRIORITY 8106

RUEHKA/AMEMBASSY DHAKA PRIORITY 8171

RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 1256

RUEHBUL/AMEMBASSY KABUL PRIORITY 3795

RUEHLO/AMEMBASSY LONDON PRIORITY 2225

RUEHMO/AMEMBASSY MOSCOW PRIORITY 0773

RUEHKO/AMEMBASSY TOKYO PRIORITY 4189

RUEHCI/AMCONSUL CALCUTTA PRIORITY 7684

RUEHCG/AMCONSUL CHENNAI PRIORITY 7837

RUEHKP/AMCONSUL KARACHI PRIORITY 6224

RUEHLH/AMCONSUL LAHORE PRIORITY 3352

RUEHBI/AMCONSUL MUMBAI PRIORITY 7039

RUEHPW/AMCONSUL PESHAWAR PRIORITY 3959

RHMFIS/CDR USCENTCOM MACDILL AFB FL PRIORITY

RHHMUNA/CDR USPACOM HONOLULU HI PRIORITY

RUEAIIA/CIA WASHDC PRIORITY

RUEIDN/DNI WASHINGTON DC PRIORITY

RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY

RUEKJCS/JOINT STAFF WASHDC PRIORITY

RUEKJCS/SECDEF WASHDC PRIORITY

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C O N F I D E N T I A L SECTION 01 OF 05 NEW DELHI 008273

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SUBJECT: BURNS AND MENON DISCUSS PAKISTAN, AFGHANISTAN, AND  
IRAN

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Classified By: Charge d'Affaires Geoffrey Pyatt for reasons 1.4 b and d

11. (C) SUMMARY: In a December 7 U.S.-India Strategic Dialogue working lunch, Under Secretary for Political Affairs Nicholas Burns and Indian Foreign Secretary Shiv Shankar Menon discussed:

-PAKISTAN: Menon said that the latest round of Foreign Secretary-level talks was productive, but Pakistan needed to

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support its anti-terror statements with concrete actions. Referring to President Musharraf's four-point Kashmir proposal, Menon declared that there was little new in the plan, adding that the GOI would rather solve the conflict step-by-step, starting with confidence building measures (CBMs) rather than "grand gestures". He emphasized that resolutions on Kashmir and Siachen will take time. Burns stated that the U.S. is pressuring Pakistan to do more to curb terrorism that targets India and working with Pakistan to eliminate the Taliban threat on the Afghan border. He expressed Secretary Rice's support for the Composite Dialogue and U.S. willingness to assist quietly if both sides deem it

beneficial.

-AFGHANISTAN: Burns stressed the USG desire for increased US-India dialogue on Afghanistan and observed that India could help the Afghan effort by expanding its humanitarian and infrastructure assistance there. However, he cautioned that Pakistan's concern about GOI activities in Afghanistan is a limiting factor. Menon declared that the GOI was eager to assist in Afghanistan's reconstruction and has offered repeatedly to explain its Afghan activities to Pakistan, which refuses to coordinate.

-IRAN: Burns urged Menon to take a stronger stand against Iran as the chief financier of Hamas and Hezbollah, a destabilizing force in the Mideast, and a hostile regime bent on pursuing its nuclear program. In reference to the Iran reporting requirement contained in civil nuclear legislation pending before Congress, he emphasized that U.S. legislators are extremely wary of any country's policy that permits dual use technology to flow to Iran. He raised U.S. INPA sanctions as an example. While noting U.S. concerns, Menon insisted that the GOI cannot block trade that is not in conflict with Indian law. Both sides agreed to continue to communicate their concerns and policy imperatives regarding Iran. END SUMMARY.

----- Pakistan: intensive dialogue with India continues -----

12. (C) FS Menon began by telling U/S Burns that the Foreign Secretary-led 13-14 November India-Pakistan talks in New

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Delhi were productive and picked up where the Composite Dialogue had left off after the Mumbai blasts. He described the past eighteen months of back-channel and diplomatic engagement between the two nations as "the most intensive dialogue since Partition." He claimed that Indo-Pak

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relations posed special challenges, as the GOI is "not dealing with a unified state that functions as such." He stated that the GOI was particularly worried about lack of central government control, especially in three districts of the Federally-Administered Tribal Areas. He dismissed Musharraf's claims that he could not control terrorist activity, citing the security provided to relief workers in the aftermath of the October 2005 earthquake.

13. (C) Describing the joint mechanism to deal with terrorism, Menon stated that the GOI had provided Pakistan with specific names and locations of terrorist cells operating out of Pakistan, but the Pakistani government has not taken action against them. "Nothing can compensate for the absence of will," he said, lamenting that Pakistan "says all the right things, but now something needs to happen." He added that India was willing to give the joint mechanism a chance, and that the rest of the agenda can move forward when Pakistan takes action against terrorists. Responding to Deputy Counter-Terrorism Coordinator Virginia Palmer's questioning about what drives Pakistan's strategic calculus, Menon assessed that Islamabad's horizons had shrunk, and that it was focused primarily on domestic considerations.

14. (C) Addressing Musharraf's proposal for Kashmir, Menon outlined the GOI reaction to Musharraf's four-point plan to resolve the Kashmir conflict, echoing FM Mukherjee (reftel), namely that the proposal contained nothing new on borders, demilitarization or self-governance. He noted that the United Jehadi Council, politicians and the media are stepping up criticism of Musharraf. Menon underlined that Pakistan must define "demilitarization" and "self governance." In India's view, he said, elections lead to governance, something we "don't see" in Pakistan.

15. (C) Turning to the Siachen negotiations, Menon claimed that on several occasions the Pakistani Army nixed deals

which would have required them to verify current military positions on the glacier. Therefore, the GOI was wary of "the disconnect between statement and practice." The two sides did, however, agree upon a joint survey of coordinates for Sir Creek, and drew maritime boundaries "from the outside in." He said India was pleased--but would not say so publicly--by the results of a neutral expert's study of the Baglihar Dam in Kashmir. As an alternative to sweeping resolutions to resolve Kashmir, Menon offered that the GOI preferred a step-by-step approach using confidence building measures, continued dialogue, and exchanges on a cultural and human level to overcome differences. Menon theorized that a joint survey team or panel of neutral experts could reduce the size of contested land by overlaying opposing maps and composing a uniform and mutually agreed upon map for negotiations. He surmised that disputed areas would be smaller and negotiations could move forward after the exercise.

16. (C) U/S Burns said that he looked forward to hearing more specifics regarding India/Pakistan relations after the

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Foreign Minister visits Islamabad in January 2007. He signaled that the U.S. understands the complexities of Pakistan and reported that President Bush made the USG's anti-terror expectations very clear to Musharraf during the latter's Washington visit. Pakistan's actions against cross-border terror and the Taliban have become much more aggressive as a result. Burns assured Menon that the U.S. continues to pressure Pakistan to do more to counter terrorism, especially terrorism directed toward India. Burns also explained that the U.S. and Pakistan are working together to develop economic zones on both sides of the Pakistan/Afghan border to promote economic development (Reconstruction Opportunity Zones). The plan will be finalized for presentation to the U.S. Congress in early 2007 and entail duty exemptions for the products, including possibly textiles, produced within the special border zones. Burns expressed Secretary Rice's support for the Composite Dialogue and informed Menon that, if requested, the Secretary was willing to become personally involved in order to advance Indo-Pakistan relations.

----- Afghanistan: India wants intensified coordination with U.S. -----

17. (C) Burns stated that NATO forces and the Afghan military are fighting well against the Taliban, but needed more help at the provincial level. He described the U.S. commitment to Afghanistan as solid, and enjoying widespread bipartisan support. He noted that Pakistan and the U.S./allied forces are working well together to combat the Taliban along the Afghanistan border, and that they had increased their presence outside of Kabul. He said that a significant investment in infrastructure was needed and urged the GOI to contribute more and to intensify the U.S.-Indian dialogue in Afghanistan. However, Burns cautioned, Pakistan's concern about Indian activities in Afghanistan "is a real limiting factor." He declared that the U.S. is working to reassure Pakistan, but India also needed to be transparent in its activities in Afghanistan.

18. (C) Menon responded that the GOI is eager to participate in Afghanistan reconstruction and has offered several times to discuss its ongoing projects with Pakistan and even the issue of Indian consulates, but Pakistani officials are unwilling to coordinate efforts. He claimed that Pakistan looked at Indian activities suspiciously, while the GOI remained open. Burns pledged to ask Assistant Secretary Boucher and Deputy Assistant Secretary Gastright to increase U.S.-India coordination on Afghanistan.

----- Iran: different imperatives drive policies -----

19. (C) Menon asked Burns for U.S. views on the current

situation. Burns replied that the U.S. sees Iran as perhaps the most dangerous country in the world currently because it is actively sowing division and using terrorism as a tactic in Lebanon, Iraq, and Palestine. Burns explained that Iran is sponsoring a conference denying the Holocaust and

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declaring that Israel should cease to exist. Iran is on the road to becoming the biggest security concern for the U.S. and Israel. While the U.S. is serious about pursuing a diplomatic path with Iran, he continued, it would be irrational to renounce the possibility of the use of force, given the stakes involved. Russia and China, he stated, need to back up their opposition to Iran's nuclear program by supporting a strong UN Security Council resolution. Meanwhile, the U.S. Treasury is working to convince European banks to shut down Iran's money laundering operations and raise Iran's costs of doing business.

¶10. (C) Menon remarked that India is not sure of Iran's good faith in negotiations, citing problems India has had in getting Iran to abide by its obligations on the Liquefied Natural Gas deal, the Iran-Pakistan-India pipeline, and energy cooperation. India must deal with whoever is in charge in Iran, he said. While the GOI has been clear in its opposition to Iran's nuclear ambitions, "there are also limits to what we can do," he underlined, suggesting that India's cooperation with Iran is driven by a need to diversify its energy sources. "Pakistan shuts us off from other (Central Asian) energy sources," he added, "and India needs energy."

¶11. (C) Burns underlined the steps the U.S. had taken earlier this year to convince Iran to negotiate directly on nuclear issues, noting that Secretary Rice had said she was willing to participate personally in meetings with Iran. It is ironic, he said, that others plead with the U.S. to talk to Iran, while U.S. attempts at dialogue are spurned by Teheran. He described the strong bipartisan concerns in Congress about Iran's nuclear ambitions. Regarding the civil-nuclear agreement, Burns emphasized that the burden would be on the U.S. to submit reports regarding India's support for efforts to head off Iran's attempts to acquire weapons of mass destruction.

¶12. (C) Raising the Iran Non-Proliferation Act (INPA), Burns urged Menon to work with the U.S. by preventing Indian firms from crossing the line on dual-use technology trade, pointing out that the U.S. had asked India for information regarding two Indian firms that had been sanctioned by the U.S., but received no response. "We would like information from you, to keep communications open," offered Burns. Menon countered that India does not have leverage over companies that "do not break Indian laws." He opined that, "adding Iran to the civil-nuclear agreement makes it particularly sensitive. Nobody bothers about the fine print, whether the responsibility (of reporting) is yours or ours, but it gives our critics one more lever to use and becomes a button they can press." He noted that he understands Iran is a politically sensitive issue, and, referring to amendments to the U.S. bill, commented "we will tell you when it hurts us and when we think there is a danger." Referring to "the emotion of Iran as an issue," he argued "if you load (the civil-nuclear agreement) with Iran, it just makes it harder (for India to publicly support US efforts on Iran)."

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¶13. (C) Burns rebutted, stating that Iran has a track record of violations and readily exploits dual-use technology. He recommended denying Iran the normal intercourse that a reasonable state should expect. Steer clear of any military assistance, he warned, since Iran is colliding with those who want to resolve the problems of the Middle East. Iran will

be increasingly isolated, he predicted. "We want a reasonable solution, a reasonable outcome," replied Menon, claiming "that's a call each country needs to make on its own."

¶14. (U) This message was cleared by Under Secretary Burns  
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